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*File Patent Information*

Chief, E & R Section, Commo Div.

22 July 1948

Assistant General Counsel

Patent Information

OGC HAS REVIEWED.

1. In your memorandum of 21 January 1948, you requested an opinion in regard to the reservation of commercial patent rights by engineers employed on Government research problems. The policy of the Armed Services has been in a formative stage for the last six months and is not yet entirely decided. However, it is considered advisable — for purposes of uniformity — to follow their present conclusions. The information below is submitted for your guidance in the situations you proposed.

2. The question of reservation of commercial patent rights by engineers was related to three different situations involving foreground patents or inventions. It is assumed that such engineers are not direct employees of the Government.

a. The engineer designs and develops a circuit or device having commercial possibilities under orders from superiors.

If the contractor employs the engineer under a contract to invent by which the contractor takes title to the invention, or if the engineer is "assigned" to invent, the Government normally receives a royalty-free license from the contractor provided the subject matter of invention falls within the scope of the research and development contract between the contractor and Government. Contractor reserves all commercial rights. The Government can, however, acquire title (at no increase in cost or contract price), if:

- (1) Contractor does not normally seek patent protection for its development;
- (2) One contractor has assembled a group of engineers through the cooperation of other like organizations;
- (3) Contractor cooperates in the production of a radical prototype largely developed by others;
- (4) Major portion of the work done in Government laboratories or with Government-furnished equipment;
- (5) Contractor is a public research organization which does not customarily retain patent rights;

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(6) Necessary for military security.

If the contractor does not automatically take title to the invention under its employment contract, and if the engineer is not specifically "assigned to invent", then the contractor very probably receives nothing more than a shop right, or non-exclusive license. Provided the invention relates to the field of research covered by the contract with the Government, the contractor may be obliged to obtain a license for the Government from the inventor in order to fulfill the terms of the research contract. The contractor would always be well-advised to obtain contractual rights, giving him full title to any related invention, from all persons employed on a project regardless of their principal duties.

b. The engineer designs and develops on his own initiative a circuit or device having a commercial possibility in the field of laboratory interest.

There, again, the contractor may have full title by virtue of the terms of the employment contract with the engineer. If the contract of employment is silent on this, then the contractor probably receives only a shop right. The use of company time and facilities, and the relationship of the invention to the engineer's assigned tasks must be considered.

c. The engineer designs and develops on his own initiative a device having a commercial possibility which is outside the field of laboratory interest.

Unless this is covered by an all-inclusive clause in the employment contract, then it is very unlikely that the contractor would receive even a shop right. The invention of an engineer, working on his own time with his own material, that is totally unrelated to any company product or project is clearly the property of the engineer alone.

3. In regard to processing expense, the Government assumes the obligation when it takes full title to the invention. If any rights are reserved by the inventor, he pays the patent application fees.

4. Unfortunately, no part of the entire question is susceptible to categorical simplification, and the problem must generally be met on the basis of the facts in each instance. This office is always available for your assistance, of course, and will be delighted to give you an opinion on a specific situation.

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